

## OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 2m day of Dec, 20 10 by and between

**Jeff and Nicole Baldwin**

4646 Fohl St. SW Canton, Ohio 44706

Phone [REDACTED]

hereinafter called the Lessor, and BoCor Holdings LLC, 7793 Pittsburg Ave NW North Canton, Ohio 44720, hereinafter called the Lessee,

### WITNESSETH:

1. That the Lessor, for and in consideration of one dollar (\$1.00) and other valuable consideration in hand paid by the Lessee, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, does hereby lease and let exclusively unto the Lessee, for the purpose of drilling, operation for, producing and removing oil and gas and all the constituents thereof, and of injecting air, gas, brine and other substances from any source and into any subsurface strata, other than potable water strata and workable coal strata, (including but not limited to the right to inject any wells on the leasehold property and to otherwise conduct all such secondary or tertiary operations as may be required in the opinion of the Lessee,) and to transport by pipelines or otherwise across and through said lands oil, gas and their constituents from the subject and other lands, regardless of the source of such gas or the location of the wells, which right to transport gas from other properties across the leasehold premises shall survive the term of this lease for so long as the transportation of such gas may be desired by the Lessee, and of placing of tanks, equipment, roads and structures thereon to procure and operate for the said products, together with the right to enter into and upon the leased premises at all time for the aforesaid purposes, being all that certain tract of land situated in Section 1 of Bethlehem Township, Stark county, State of Ohio, Parcel #-1002214

North by lands of: Fohl Rd.

East by lands of: King

South by lands of: Stein

West by lands of: Deeser

being all the property owned by Lessor or to which the Lessor may have any rights in said Section/lots/Districts, containing 3.05 acres, more or less, and being the property described in instrument Official Record \_\_\_\_\_, of the Stark County Record of Deeds.

2. This lease shall continue in force and the rights granted hereunder be quietly enjoyed by the Lessee for a term of five years and so much longer thereafter as oil or gas or their constituents are produced or are capable of being produced on the premises in paying quantities, in the judgment of the Lessee, or as the premises shall be operated by the Lessee in the search for oil and gas and as provided in Paragraph 7 following.

3. This lease, however, shall become null and void and all rights of either party hereunder shall cease and terminate unless, within 12 months from the date hereof, a well shall be commenced on the premises, or unless the Lessee shall thereafter pay a delay rental of one thousand dollars each year, payments to be made Quarterly until the commencement of a well. A well shall be deemed commenced when preparations for drilling have been commenced.

4. In consideration of the premises the Lessee convenants and agrees:

(A) To deliver to the credit of the Lessor in tanks or pipelines, as royalty, free of cost, the equal one-eighth (1/8) part of all oil produced and saved from the premises, or at Lessee's option to pay Lessor the market price for such one-eighth (1/8) royalty oil at the published rate for oil of like grade and gravity prevailing on the date such oil is run into tanks or pipelines.

(B) To pay to the Lessor, as royalty for the gas marketed and used off the premises and produced from each well drilled thereon, the sum of one-eighth (1/8) of the price paid to Lessee per thousand cubic feet of such gas so marketed and used, measured in accordance with Boyle's Law for the measurement of gas at varying pressures, on the basis of 10 ounces above 14.73 pounds atmospheric pressure, at a standard base temperature of 60° Fahrenheit and stipulated flowing temperature of 60° Fahrenheit, without allowance for temperature and barometric variations less any charges for transportation or compression paid by Lessee to deliver the gas for sale. Payment or royalty for gas marketed during any calendar month to be on or about the 30th day after receipt of such funds by the Lessee.

(C) Lessee to deduct from payments in (A) and (B) above from receipts of proceeds by Lessee, Lessor's prorata share of any tax imposed by any government body.

(D) In the event Lessee does not sell the gas to others, Lessor shall be paid on the basis of the lowest field market price paid by any public utility in the state at the well head for gas of like kind and quality, and on the same basis that such utility would pay for such gas, including any escalation in price that such utility would pay for such gas as if a contract for the sale of same had been entered into at the time of initial production.

5. All money due under this lease shall be paid or tendered to the Lessor by check made payable to the order of and mailed to **Same as above** at **Same as above** and the said named person shall continue as Lessor's agent to receive any and all sums payable under this lease regardless of changes in ownership in the premises, or in the oil or gas or their constituents, or in the rentals or royalties accruing hereunder until delivery to the Lessee of notice of change of ownership as hereinafter provided.

6. The Lessor may, at Lessor's sole risk and cost, lay a pipeline to any gas well on the premises, and take gas produced from said well for domestic use in one Building on the leased premises, at Lessor's own risk, subject to the use and the right of abandonment of the well by the Lessee, and subject to any curtailments or shut-in by any purchaser of the gas. The first two-hundred thousand cubic feet of gas taken each year shall be free of cost, but all gas in excess of three-hundred thousand cubic feet of gas taken in each year shall be paid for at the last published rates of the gas utility in the town or area nearest to the leased premises or the field market rate, whichever is higher. Lessor to lay and maintain the pipeline and furnish regulators and other necessary equipment at Lessor's expense. Lessor shall also, at the request of Lessee, install a meter to measure said gas. This privilege is upon the condition precedent that the Lessor shall subscribe to and be bound by the reasonable rules and regulations of the Lessee relating to use of free gas, receipt of which is hereby acknowledged, and Lessor shall maintain the said pipeline, regulators and equipment in good repair and free of all gas leaks and operate the same so as not to cause waste or unnecessary leaks of gas. If the Lessor shall take excess gas as aforesaid in any year and fail to pay for the same, the Lessee may deduct payment for such excess gas from any rentals or royalties accruing to the Lessor hereunder. Lessor acknowledges that he has been advised as to the risks inherent in the taking of gas in this manner, and Lessor agrees to assume all such risks whether same be caused by Lessor's lines or equipment, or whether same be caused by Lessee's equipment or well operation; and Lessor agrees to hold Lessee and the well operator and all parties in interest in any well on the leasehold premises harmless from any claims of any nature whatsoever which may rise by the usage of gas from any such well by Lessor, his heirs, executors, administrators and assigns. Lessor further agrees that upon the sale or transfer of the leasehold premises wherein someone other than the Lessor is entitled to take the gas under this Paragraph 6, that the gas supply will be terminated by Lessee until the Buyer of the property executes an agreement regarding the usage of the gas in the same form as the within agreement. In the absence of such an agreement free gas under this provision shall terminate, the within right of free gas not being assignable without the consent of the Lessee.

7. In the event a well drilled hereunder is a dry hole and is plugged according to law, this lease shall become null and void and all rights of either party hereunder shall cease and terminate, unless within (12) months from the date of the completion of the plugging of such well, the Lessee shall commence another well, or unless the Lessee after the termination of said twelve month period resumes the payment of delay rental as hereinabove provided.

8. In the event a well drilled hereunder is a producing well and the Lessee is unable to market the production therefrom, or should production cease from a producing well drilled on the premises, or should the Lessee desire to shut in producing wells, the Lessee agrees to pay the Lessor, commencing on the date one year from the completion of such producing well or the cessation of production, or the shutting in of producing wells, an advance royalty in the amount and under the terms hereinabove provided for delay rental until production is marketed and sold off the premises or such well is plugged and abandoned according to law. In the event no delay rentals are stated, the advance royalty payable hereunder shall be made on the basis of \$1.00 per acre per year.

9. The consideration, land rentals or royalties paid and to be paid, as herein provided, are and will be accepted by the Lessor as adequate and full consideration for all the rights herein granted to the Lessee, and the further right of drilling or not drilling on the leased premises, whether to offset producing wells on adjacent or adjoining lands or otherwise, as the Lessee may elect.

Notary Public Seth Kienzle  
Commission Expires November 16, 2011